

**Bill No: AB 79      Author: Dutra      Date: Amended May 27, 2003**

This bill would no longer require a public agency to prepare or submit a written report to the Legislature or Governor, or any state legislative or executive body, unless required under specific circumstances. This bill would be repealed as of January 1, 2008.

**Status:** Senate Governmental Organization Committee

**Bill No: AB 132      Author: Chavez      Date: Amended April 21, 2003**

This bill would provide a statutory rule to prioritize the addition of voluntary contribution designations to the tax return, and would authorize FTB to add one or more voluntary contribution designations to the tax return under certain circumstances.

**Status:** Senate Appropriations Committee

**Bill No: AB 137      Author: Correa      Date: Amended March 5, 2003**

This bill would extend the operation of the California Fund for Senior Citizens until January 1, 2010.

**Status:** Senate Appropriations Committee

**Bill No: AB 205      Author: Goldberg      Date: Amended June 3, 2003**

This bill would allow domestic partners to file personal income tax returns as either 1) married filing joint, or 2) married filing separate. In addition, this bill would make changes to various California laws regarding domestic partners, including the creation of community property rights.

**Status:** Senate Rules Committee

**Bill No: AB 214      Author: Horton, S      Date: Amended May 1, 2003**

This bill would create the Veterans Quality of Life Fund, and would allow taxpayers to designate contributions to this fund on their personal income tax return.

**Status:** Senate Veterans Affairs Committee

**Bill No: AB 243      Author: Vargas      Date: Introduced February 3, 2003**

This bill would:

- Increase the maximum amount that may be allocated as a housing allowance from the gross salary of a state-employed member of the clergy from 25% to 50%;
- Change the term "minister of the gospel" to "member of the clergy"; and
- Define "member of the clergy."

**Status:** Senate Revenue and Taxation Committee

**Bill No: AB 263      Author: Oropeza      Date: Amended June 2, 2003**

This bill would allow taxpayers that own 80% or more of a subsidiary engaged in an insurance business a deduction for an unspecified percentage of dividends received from that subsidiary. The deduction would be allowed regardless of whether the insurance company is engaged in business in California. The deduction would apply to taxable years beginning on or after January 1, 2003. For taxable years ending on or after December 1, 1997, and beginning before January 1, 2003, a taxpayer could elect to deduct an unspecified percentage of dividends received from an insurance company subsidiary.

**Status:** Senate Rules Committee

**Bill No: AB 385 Author: Nakano Date: Amended June 2, 2003**

This bill would allow a state agency to provide its employees, at each employee's election, with an electronic itemized salary or wage statement in lieu of a statement in writing. This option would be contingent upon the funding and implementation of the Controller's "21st Century Project."

**Status:** Senate Governmental Organization Committee

**Bill No: AB 753 Author: Leslie Date: Amended March 24, 2003**

This bill would require state agencies to prepare a written report regarding flexible work options for employees of the agency such as alternative work schedules and telecommuting.

**Status:** Senate Governmental Organization Committee

**Bill No: AB 923 Author: Firebaugh Date: Amended June 4, 2003**

This bill would create a credit for employers who provide health care coverage for their agricultural employees. The credit would be allocated from revenue raised by repealing certain sales tax exemptions.

**Status:** Senate Rules Committee

**Bill No: AB 967 Author: Chavez Date: Amended June 2, 2003**

This bill would:

- Clarify the intentions of AB 1122 (Stats. 2002, Ch. 35) relating to S corporation status and estimated tax payments.
- Increase the personal exemption credit for disability trusts.

**Status:** Senate Revenue and Taxation Committee

**Bill No: AB 986 Author: Horton, J Date: Introduced February 20, 2003**

This bill would require the Legislative Analyst to study and report to the Legislature regarding the consolidation of specific functions and operations of FTB, BOE, and the Employment Development Department (EDD).

**Status:** Senate Revenue and Taxation Committee

**Bill No: AB 1035 Author: Aghazarian Date: Amended June 12, 2003**

This bill would authorize the Technology, Trade, and Commerce Agency (TTCA) to designate areas within Stanislaus County as an enterprise zone.

**Status:** Senate Committee on Housing and Community Development

**Bill No: AB 1209 Author: Nakano Date: Amended April 21, 2003**

This bill would:

- Make permanent the law that allows state bodies to hold closed session meetings to discuss matters posing threats or potential threats of criminal or terrorist activity; and
- Preclude public disclosure of public agency security information relating to terrorist or other criminal acts.

**Status:** Senate Governmental Organization Committee

**Bill No: AB 1239 Author: Wiggins Date: Amended April 8, 2003**

This bill would allow a bank to create a business trust to hold the securities reserves that it is required to hold under California law.

**Status:** Senate Banking, Commerce, and International Trade Committee

**Bill No: AB 1265 Author: Benoit Date: Amended May 5, 2003**

This bill would allow engineers and land surveyors to do business in the form of a limited liability partnership (LLP).

**Status:** Senate Judiciary Committee

**Bill No: AB 1283 Author: Kehoe Date: Amended April 29, 2003**

This bill would establish the California Arts Council Fund for taxpayer contribution designation on the personal income tax returns.

**Status:** Senate Revenue and Taxation Committee

**Bill No: AB 1338 Author: Chavez Date: Amended May 1, 2003**

This bill would:

- Modify the real estate withholding provisions so the withholding amount more closely matches the actual tax due on the sale of the property,
- Broaden the principal residence withholding exemption to include the sale of a residence that was last used prior to the sale as the taxpayer's principal residence, and
- Exempt from withholding the sale of real property sold by licensed general contractors if the property was held for sale as inventory in the taxpayer's construction business.
- Allow FTB to prescribe any requirements necessary to administer the real estate withholding provisions, including de minimus requirements.

**Status:** Senate Revenue and Taxation Committee

**Bill No: AB 1416 Author: Vargas Date: Amended May 13, 2003**

This bill would establish the California State Freedom Endowment Fund for taxpayer contribution designations on personal income tax returns.

**Status:** Senate Veterans Affairs Committee

**Bill No: AB 1548 Author: Pavley Date: Amended March 26, 2003**

This bill would establish the Public Library Book Fund and would allow taxpayers to designate contribution to the fund on their personal income tax returns.

**Status:** Senate Revenue and Taxation Committee

**Bill No: AB 1567 Author: Correa Date: Amended April 10, 2003**

This bill would expand peace officer duties for certain individuals. The bill also would address firearms training and policy.

**Status:** Senate Public Safety Committee

**Bill No: AB 1601 Author: Frommer Date: Amended May 19, 2003**

This bill would increase the accuracy related penalty and the length of time FTB may assess tax deficiencies for investors in abusive tax shelters. This bill also would increase the penalties for promoting and not registering tax shelters.

**Status:** Senate Revenue and Taxation Committee

**Bill No: AB 1690 Author: Leno Date: Amended June 2, 2003**

This bill would allow a local government that has formed a fire protection agency to levy a general tax on the taxable income of any person residing in the local jurisdiction where the agency was formed. This bill would require FTB to administer and collect the local income tax.

**Status:** Senate Rules Committee

**Bill No: AB 1740 Author: AR&T Comm. Date: Introduced March 11, 2003**

This FTB sponsored bill would:

- Correct a drafting error in the California Child and Dependent Care (CDC) Credit and would correct a cross-reference error, so that the appropriate definition for adjusted gross income (AGI) is used and the proper amount of credit for all residents, nonresidents and part-year residents is allowed.
- Provide technical clean-up to AB 1115 (Chpt. 920, Stats. 2001) regarding the treatment of income and deductions of nonresidents and part-year residents. Waive estimated tax penalties for the 2002 taxable year.
- Allow a prorated alimony deduction for a California nonresident or part-year resident.

**Status:** Senate Revenue and Taxation Committee

**Bill No: AB 1742 Author: AR&T Comm. Date: Amended May 19, 2003**

This bill includes three FTB sponsored provisions that would:

- Renumber the Scholarshare Trust Section to place it in the exempt corporations section of the Corporation Tax Law.
- Make the law internally consistent on the method of calculating interest on an erroneous refund, and conform to federal law with respect to abatement of interest on erroneous refunds.
- Clarify that FTB has the authority to use EDD's new hire registry to collect any non-tax debt amount.

This bill also would clarify that a corporation's period of inactivity of 15 days or less between the date of incorporation and the beginning of its next annual accounting period would not be considered the corporation's first taxable year for purposes of relief from the minimum franchise tax.

**Status:** Senate Revenue and Taxation Committee

**Bill No: AB 1743 Author: AR&T Comm. Date: Amended April 21, 2003**

This FTB sponsored bill would make a number of technical changes to correct cross-references, repeal obsolete provisions contained in state law, and amend provisions to reflect the current style of drafting legislation.

**Status:** Senate Revenue and Taxation Committee

**Bill No: SB 17      Author: Escutia      Date: Amended May 22, 2003**

This bill would require the FTB to report to BOE the name and address of any entity that fails to respond to the real property change of ownership question on its income or franchise tax return.

**Status:** Assembly Revenue and Taxation Committee

**Bill No: SB 25      Author: Bowen      Date: Amended June 2, 2003**

This bill would add state and local agencies to those persons that are restricted from using social security numbers (SSNs), as specified. However, this bill would allow a state or local agency that has used an individual's SSN before January 1, 2004, in a manner inconsistent with the bill's prohibitions, to continue using that individual's SSN if the certain conditions are met.

**Status:** Assembly Judiciary Committee

**Bill No: SB 43      Author: Cedillo      Date: Amended May 27, 2003**

This bill would extend the sunset date of the Emergency Food Assistance Program Fund from January 1, 2004, to January 1, 2009.

**Status:** Assembly Revenue and Taxation Committee

**Bill No: SB 60      Author: Cedillo      Date: Amended June 3, 2003**

This bill would require the Department of Motor Vehicles to verify with the Internal Revenue Service (IRS) or FTB the authenticity of an applicant's federal identification number.

**Status:** Assembly Transportation Committee

**Bill No: SB 80      Author: Oller      Date: Amended March 10, 2003**

This bill would modify the rules relating to a theft loss deduction to give a taxpayer the opportunity to deduct the loss in the year the theft occurred instead of the year it was discovered.

**Status:** Assembly Desk

**Bill No: SB 92      Author: Speier      Date: Amended April 22, 2003**

This bill would create the California Missions Foundation Fund, and would allow taxpayers to designate contributions to the fund on their personal income tax returns.

**Status:** Assembly Revenue and Taxation Committee

**Bill No: SB 180      Author: Burton      Date: Amended April 3, 2003**

This bill would specify that contributions to the California Firefighters' Memorial Fund can be used for maintenance and repair of the memorial and that contributions made on tax returns filed on or after January 1, 2004, may be used for other specified purposes.

**Status:** Assembly Revenue and Taxation Committee

**Bill No: SB 285     Author: Speier     Date: Amended May 22, 2003**

This bill would provide that if an individual receives relief from income tax liabilities under the federal innocent spouse provisions, that individual also would receive relief under the state innocent spouse provisions.

**Status:** Assembly Revenue and Taxation Committee

**Bill No: SB 434     Author: Escutia     Date: Amended June 4, 2003**

This bill would amend the Government Code. The provisions in this bill relating to investigations by prosecuting attorneys or the Attorney General (AG) of unlawful activity would be declaratory of existing law. Additionally, the bill would set forth rules relating to evidence, testimony, and the subpoenaing of witnesses in conjunction with court actions or administrative hearings. Further, this bill would amend various provisions of the Corporate Securities Law of 1968 and California Commodity Law of 1990, neither of which affect FTB.

**Status:** Assembly Judiciary Committee

**Bill No: SB 448     Author: Poochigian     Date: Introduced February 20, 2003**

This bill would require FTB to include a voter registration card with the PIT forms that are mailed annually to taxpayers.

**Status:** Assembly Desk

**Bill No: SB 548     Author: Burton     Date: Amended May 14, 2003**

Under this bill, if BOE decides against an FTB action on a deficiency assessment, carry over amount, claim from refund or credit, or allowance of interest, the Attorney General could file an action in superior court. The matter would be tried de novo.

**Status:** Assembly Revenue and Taxation Committee

**Bill No: SB 614     Author: Cedillo     Date: Amended June 2, 2003**

This bill would create a regime of penalties and reporting requirements for investors, promoters, tax advisors, and tax preparers involved in abusive tax shelter transactions to identify existing abusive tax shelter transactions on tax returns filed in prior years and to curtail the use of abusive tax shelter transactions in future years.

**Status:** Assembly Revenue and Taxation Committee

**Bill No: SB 640     Author: Burton     Date: Amended May 7, 2003**

This bill would enact the California Taxpayer and Shareholder Protection Act of 2003. This bill would prohibit the state, absent a compelling public interest, from entering into contracts or agreements with certain publicly traded foreign (non-U.S.) corporations.

**Status:** Assembly Desk

**Bill No: SB 760     Author: Scott     Date: Amended April 30, 2003**

This bill would require FTB to study certain sales and leaseback transactions, and report to the Legislature the revenue loss, if any.

**Status:** Assembly Revenue and Taxation Committee

**Bill No: SB 777    Author: Escutia    Date: Amended May 29, 2003**

This bill would expand whistleblower protection laws to:

- Prohibit employers from taking retaliatory actions against employees who refuse to participate in illegal activity and impose a \$10,000 penalty on corporations and limited liability companies (LLCs) that violate this prohibition;
- Require the Attorney General (AG) to maintain a “whistleblower hotline” to receive information about illegal activity; and
- Impose civil penalties on corporations or LLCs that fail to report wrongdoings of the corporation or LLC.

**Status:** Assembly Judiciary Committee

**Bill No: SB 973    Author: Machado    Date: Amended March 26, 2003**

This bill would require state agencies to overwrite or render unrecoverable any data that is contained on surplus data storage hardware prior to disposing of, auctioning, or transferring the hardware from state possession.

**Status:** Assembly Desk

**Bill No: SB 1009    Author: Alpert    Date: Amended June 3, 2003**

This bill would allow an individual to elect to report and remit qualified use tax with their PIT return. The election could be made for the purchase of tangible personal property where the storage, use, or other consumption would subject the purchase to the qualified use tax that would otherwise be reported and paid under current use tax law. This bill would transfer the responsibility and authority for the receipt and collection of use tax that is reported as qualified use tax on a PIT return to the Franchise Tax Board

**Status:** Assembly Revenue and Taxation Committee

**Bill No: SB 1061    Author: SR&T Comm.    Date: Amended April 10, 2003**

This FTB sponsored bill would:

- Add a definition of the term “taxable year” for California franchise tax purposes that was inadvertently repealed for taxable years beginning on or after January 1, 2000.
- Fundamentally reform the water’s-edge election procedures to resolve problems that arise with elections made under the current contract rules. Under this bill, water’s-edge elections would be made by statutory election rather than by contract.

**Status:** Assembly Revenue and Taxation Committee

**Bill No: SB 1064    Author: SR&T Comm    Date: Amended April 23, 2003**

This bill would allow exemption from taxation for specified limited liability companies (LLCs).

**Status:** Assembly Revenue and Taxation Committee

**Bill No: SB 1065    Author: SR&T Comm.    Date: Introduced February 27, 2003**

This FTB sponsored bill would amend the general rules for elections to which California conforms by reference to clarify that federal elections made before becoming a California taxpayer are binding for California purposes. This general rule would apply to all elections unless otherwise provided in another California law or regulation.

**Status:** Assembly Revenue and Taxation Committee

**Bill No: SBX 7    Author: S Budget    Date: Amended April 28, 2003**

This bill would require tax practitioners who prepare more than 100 individual income tax returns in a calendar year to file all individual returns with FTB in subsequent years using magnetic media or other machine-readable form.

**Status:** Assembly Budget Committee